

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1800 - SB 1928

February 21, 2020

SUMMARY OF BILL: Exempts granite and marble from the mineral severance tax.

ESTIMATED FISCAL IMPACT:

Decrease Local Revenue - \$413,100/FY20-21 and Subsequent Years

Assumptions:

- The average mineral severance tax is estimated to be \$0.135 per ton of applicable material severed from the ground.
- The current DOR form for the mineral severance tax does not distinguish granite, marble, limestone, or when those substances are used for gravel or sand; therefore, tonnage of these materials is unknown.
- According to the United State Geological Survey, of crushed stone (approximately 99% of the stone market) produced in the U.S. in 2018, 69 percent was limestone, 15 percent granite, and less than 2 percent was marble.
- Sometimes marble and certain limestone products are used interchangeably in instances of metamorphosized versus unmetamorphosized limestone. Metamorphosized limestone is typically considered to be marble.
- For the purposes of this fiscal analysis, it is assumed companies use the same nomenclature as the United States Geological Survey, and that the Department of Revenue would update their form to reflect the differences for this exemption. Any increase in state expenditures is considered not significant.
- It is further assumed granite or marble used in gravel would be included in this exemption.
- Approximately 1,530,000,000 tons of crushed stone was produced in 3,440 quarries in 50 states. Leading producer states were, in descending order by tonnage, Texas, Pennsylvania, Florida, Missouri, North Carolina, Ohio, Georgia, Virginia, Illinois, and Kentucky, which combined accounted for more than one-half of the total crushed stone output.
- It is therefore estimated that Tennessee counties would have a mandatory recurring decrease in local revenue of \$413,100 $\{[(1.53 \text{ billion tons} \times (15\% \text{ granite} + 1\% \text{ marble}) \times 50\% \text{ of output}] / (50 \text{ total states} - 10 \text{ highest producing states}) \times \$0.135 \text{ per ton}\}$ beginning in FY20-21 as a result of the proposed legislation.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The script is cursive and fluid, with the first letters of each name being capitalized and prominent.

Krista Lee Carsner, Executive Director

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